

Message Text

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64

ACTION EB-06

INFO OCT-01 EUR-12 ISO-00 CAB-05 CIAE-00 COME-00 DODE-00

DOT-00 INR-07 NSAE-00 RSC-01 FAA-00 L-02 PA-02 PRS-01

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FM AMEMBASSY LONDON

TO SECSTATE WASHDC 4901

UNCLAS LONDON 13604

E.O. 11652: N/A

TAGS: EAIR, UK

SUBJ: CIVAIR - BRITISH CALEDONIAN SUSPENDS NORTH ATLANTIC
SERVICE; BRITISH AIRWAYS FORECASTS HUGE LOSS

1. BRITISH CALEDONIAN ANNOUNCED OCTOBER 17 A DRASTIC SERIES OF ROUTE CUTS AND STAFF REDUCTIONS IN EFFORT TO MAINTAIN COMMERCIAL VIABILITY OF THE AIRLINE. MORE THAN 800 STAFF, ALMOST 15 PERCENT OF WORKFORCE (INCLUDING AN ESTIMATED 200 EMPLOYEES IN US) WILL BE RELEASED. ALL SCHEDULED SERVICES TO NORTH AMERICA WILL BE SUSPENDED WITH EFFECT FROM NOVEMBER 1 AND, IN ADDITION, SCHEDULED FLIGHTS TO THREE POINTS IN SPAIN, TO GIBRALTER, TUNIS, BELFAST, COPENHAGEN AND SOUTHAMPTON WILL BE HALTED. THE AIRLINE'S OTHER SCHEDULED SERVICES TO EUROPE, AFRICA AND SOUTH AMERICA WILL BE RETAINED. TO COUNTERBALANCE SOME OF THE SCHEDULED SERVICE CUTBACKS, THE CARRIER HOPES TO DOUBLE NORTH AMERICAN CHARTER FLIGHTS NEXT YEAR AND IT PLANS INCREASE INCLUSIVE TOUR OPERATIONS IN EUROPEAN MARKET. OPERATIONAL RE-ORDERING OF SERVICES WILL MAKE SEVEN BAC-111 AIRCRAFT REDUNDANT BUT MAY PROMPT AIRLINE TO BUY TWO ADDITIONAL 707-TYPE AIRCRAFT FOR INCREASED CHARTER OPERATIONS.

2. AT SAME TIME BCAL WAS ANNOUNCING ITS RETRENCHING, BRITISH AIRWAYS WAS DISCLOSING THAT IT EXPECTS TO SHOW
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12 MILLION POUND LOSS IN FINANCIAL YEAR ENDING MARCH 31,

1975. LOSS ESTIMATE IS SAID TO BE BEFORE PAYMENT OF
INTEREST BILLS, TAXATION AND OTHER ITEMS WHICH, IF
INCLUDED, COULD SWELL LOSS FIGURE TO AROUND 50 MILLION
POUNDS.

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Message Attributes

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